

ORIGINAL

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

IN REGARD TO THE APPLICATION OF
RHORER, HARRELL & SCHACHT ROADS
WATER CORPORATION, LOCATED IN
MONROE COUNTY, INDIANA FOR A CHANGE
OF RATES PURSUANT TO I.C. 8-1-2-61.5

CAUSE NO. 43080 U

FINAL ORDER

APPROVED: DEC 20 2006

BY THE COMMISSION:

Lorraine Hitz-Bradley, Administrative Law Judge

On June 28, 2006, Rhorer, Harrell & Schacht Roads Water Corporation ("RHS" or "Petitioner"), filed with the Indiana Utility Regulatory Commission ("Commission") its *Small Utility Application for a Rate Change pursuant to I.C. § 8-1-2-61.5 and 170 I.A.C. 14-1*. The rate change being sought by Petitioner was an increase of 34.87% above current rates. On July 19, 2006, the Commission issued a memorandum stating that the application was now considered complete.

On October 16, 2006, as required by 170 I.A.C. § 14-1-4(a), the Indiana Office of Utility Consumer Counselor ("OUCC") filed a report that recommended the Commission approve a rate increase of 31.52% above current rates. Petitioner made no objection or formal response to the report as permitted at 170 I.A.C. § 14-1-4(b).

Pursuant to I.C. § 8-1-2-61.5, a formal public hearing is not required in rate cases involving small utilities with fewer than 5,000 customers, unless a hearing is requested by at least ten customers, a public or municipal corporation, or by the Public. No customer requests for a hearing have been received by the Commission, and accordingly, no hearing has been held.

Based upon the applicable law and the evidence presented herein, the Commission now finds as follows:

1. **Commission Jurisdiction and Notice.** Petitioner is a not-for-profit investor-owned utility that provides water utility services in Monroe County, Indiana. Petitioner's evidence indicates that it has mailed each of its customers a notice of the filing of its Application for rate change, as required by 170 I.A.C. 14-1-2-(b)(2). The Commission finds that due, legal and timely notice of the matters in this Cause was given and published as required by law and that the Commission has jurisdiction over the Petitioner and the subject matter of this Cause.

2. **Applicant's Characteristics.** Petitioner is not-for-profit water utility serving approximately 265 customers within a rural area of Monroe County, Indiana. Petitioner is a Class C Water Utility.

3. **Test Period.** The test period selected for determining Petitioner's revenues and expenses reasonably incurred in providing water utility service to its customers includes the twelve (12) months ending December 31, 2005. With adjustments for changes that are fixed, known and measurable, the Commission finds that this test period is sufficiently representative of Petitioner's normal operations to provide reliable data for ratemaking purposes.

4. **Operating Revenue.** The OUCC has calculated Petitioner's pro forma present annual operating revenue to be \$66,775. The Commission agrees with this calculation.

5. **Revenue Requirements.** The Public's interpretation of the Petitioner's annual revenue requirements are illustrated in the following table. It is our finding that the revenue requirements contained in this table should be approved.

Revenue Requirements

Operation and Maintenance Expense	\$66,623
Extensions and Replacements	24,132
Working Capital	0
Taxes Other than Income Taxes	0
Debt Service	<u>0</u>
Total Revenue Requirements	90,755
Less: Interest Income	4,117
Revenue not affected by increase (Hook-up fees)	<u>3,750</u>
Net Water Sale Revenue Requirements	82,888
Less: Revenue at Current Rates	<u>63,025</u>
Revenue Increase Required	<u>\$19,863</u>

The revenue requirements determined by the Public would support an across-the-board increase in water sale rates of 31.52%.

IT IS THEREFORE ORDERED BY THE INDIANA UTILITY REGULATORY COMMISSION that:

1. Consistent with the findings above, Petitioner Rhorer, Harrell & Schacht Roads Water Corporation is hereby authorized to increase its rates and charges by \$19,863 annually, so as to produce total annual revenue of \$90,755, which represents a 31.52% across-the-board increase in its rates and charges.

2. Prior to placing into effect the rates and charges approved herein, Petitioner must file a tariff schedule set out in accordance with Commission rules for filing utility tariffs, which

shall be prepared for the purpose of accomplishing the findings set forth above, with the Water/Sewer Division of the Commission. When filed with the Commission, such tariff shall cancel all prior rates and charges.

3. This Order shall be effective on and after the date of its approval.

HARDY, LANDIS, SERVER, AND ZIEGNER CONCUR:

APPROVED:

DEC 20 2006

**I hereby certify that the above is a true
and correct copy of the Order as approved.**



Brenda A. Howe

Executive Secretary to the Commission